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ADM-7.7

File

21 JUL 1964

MEMORANDUM FOR: Deputy Director for Support

SUBJECT: Systems Analysis of Supply Functions

REFERENCE: (a) Report of Audit of Supply Division, 1 June 1962 through 30 June 1963
 (b) Memorandum dated 3 December 1963 to D/L from D/S, same subject (DDN 63-4926)
 (c) Memorandum dated 13 January 1964 to D/S from D/L, same subject (OL 3-7011a)

1. This memorandum is for information only.
2. Attachment A to reference (a) delineated those items which had been completed in the systems analysis of Supply Division operations as of that date.
3. Attachment B to reference (a) listed items in process. We are pleased to report the following progress in those areas:
 - a. An EDP (Electronic Data Processing) control system has been implemented as of 1 June 1964 to control the document flow between Supply Division, computer operations, and the closed files. This system installed will ensure that all property voucher vouchers are processed through the system, and that no documents are filed in the closed voucher files that do not reflect EDP processing.
 - b. Effective 29 June 1964 Supply Division implemented the operation of the Central Control and Distribution Branch. It is the function of this branch to act as the incoming control or final print for all supply requisitions received including those received through the [redacted] channels. This element will determine general availability and effect distribution to the appropriate domestic depot and/or Procurement Division. With the inauguration of this branch, the existing Depot Stock Control Branch in Central Depot will hereafter be concerned only with property vouchers and documents involving an award to project specifically received and shipped through the Central Depot. This realignment will also

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expedites the requisition flow to both Procurement and Transportation Divisions, and it has already eliminated a duplication of catalog functions previously located within the Supply Division.

c. The Transportation Division and the Supply Division have embarked upon a test procedure to consolidate shipments to destinations wherever possible. Also, in the same area of interest, we are preparing to consolidate the shipping documents into a single document thereby effecting a considerable reduction in the present paper-work. This test is being conducted with the [REDACTED] and we are very hopeful that the results of the test will prove satisfactory.

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d. Receiving procedures at Central Depot have been written and simplified to speed up the document processing and to eliminate any copies of receiving documents not being utilized by the recipient offices. In addition the receiving procedures have been modified relative to discrepancies, and we have established a \$25 limit as the breaking point for inconsequential discrepancies. The net results of these changes should be a speedup of document processing, the elimination of unnecessary copies of documents, the expediting of payments to vendors, and a very significant reduction in the time previously spent in resolving those discrepancies of an inconsequential nature.

e. The Transaction Analysis Codes have been completely reorganized to provide more meaningful data for inventory and financial management, and to minimize coding errors in the input data. The revised codes have been reviewed in by the Office of Finance, with the exception of minor differences now being reconciled, and will be implemented in the system as rapidly as we can complete the writing of instructions for the new XDP programs.

f. In conjunction with representatives of the Office of Computer Services, we have studied to a considerable degree our existing problems as they relate to better utilization of our facilities. We have jointly concluded the following actions, which represent new programs within the XDP operations, essential to the proper and effective use of computer facilities for supply operations:

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- (1) A daily computer updating of inventory balances.
 - (2) Complete elimination of manual postings by Supply Division personnel and a conversion to automatic stock editing and supply document processing by the computer.
 - (3) Printing data files and report formats require a breakdown into separate files and separate reports thereby reducing the extensive operation presently performed at month end in updating the total file and preparing a very laborious stock status report. In lieu of a consolidated stock status report we would propose separate reports be prepared on an as required basis of selected categories of material determined by the nature of the item, the degree of activity, and the dollar value of the inventory. We plan to run separate reports for on-hand inventories, in-use inventories, due-in and due-out status reports, and other selected status reports.
- b. Stock number changes which presently involve a great deal of clerical effort will be programmed to have the computer effect the necessary changes in all current and history data files thereby relieving the major portion of present clerical efforts.
- c. Computer program will be utilized to enable the machine computations of MOQ (Economic Order Quantity) and to read out on a part-item-by-exemption basis those items which require the attention of the supply manager in the event of short stock positions or long stock positions for inactive items.
- d. We are in the final phases of writing the instructions that will allow computer programming to develop a comprehensive Manufacturer's Part Number to Federal Stock Number cross reference file. This will increase our efficiency in identifying items that have no stock number on the requisition, and verifying those that do have the stock number. This file will also be used by the Procurement Division to identify the various sources for the item and the department having cognizance in the case of single ownership. The bulk of this file will be developed from data in the form of punched cards from the Defense Logistics Supply Center as a result of our participation in the Federal Catalog.

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3. A new report called an inventory analysis report will be developed to answer the numerous questions which have been placed over the past several years and to provide management with a level financial analysis that will reflect gross, inventory turn over, dollar value of receipts, losses, discounts, sales, etc.
4. We are in the final stages of coordination in the elimination of the Material Unit as a part of the stock number. This method of identifying material in broad categories was established many years ago as a management tool, but has become outdated with the evolution of other more sophisticated methods. It is difficult to administer, conducive to numerous coding errors, and the cost is more than any benefits derived. We will identify broad categories of material in the future by utilizing the Federal Supply Classification Code system.
5. Preliminary work has been done to develop a better procedure for reporting annual price revisions to the field. Our present system, which utilizes the Master Nomenclature File, works well for headquarters but it allows too much time to elapse before the field can be satisfied. We propose to use a separate pricing file to overcome this difficulty.
6. A procedure was developed recently to detect invalid stock numbers in the Master Nomenclature File and effect their deletion. The original sweep detected and deleted some 30,000 numbers which was more than one-third of the complete file. The result of this verification will have no direct effect on the Supply Division, but will decrease the computer time required for the periodic updating of the property accounts. This procedure also prevents any additional invalid numbers from becoming a part of the Master File in the future.
7. In our previous discussions with the representatives of the Office of Computer Services we have dealt in great length with the above items. We have been advised by the Office of Computer Services representatives that the actions indicated above represent several new programs, and as such they estimate it will require a minimum of six months and a maximum of 18 months to complete the writing of the necessary program instructions. The Office of Computer Services will

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indicated they will use additional programmers to assist in completing the new program instructions in the shortest possible time. In the interim we have developed a system with OCS personnel whereby those projects requiring the least program changes are being processed on a continuing basis.

3. The Systems Analysis Group established in November 1963 has been disbanded as of 1 June 1964, and all individuals have been realigned to other functions. However, [REDACTED] and [REDACTED] will carry on with the Office of Computer Services in a liaison and coordinating capacity for any actions necessary to complete the full implementation of the PDP programs indicated above.

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4. It is my feeling that time spent in this exercise by the Supply Division representatives and those representatives from the Office of Finance and the Office of Computer Services has been well justified, and I am confident that when the full impact of this program is in effect, the Supply Division will give even greater service to its customers. With the improved efficiency of operations, if circumstances justify, we hope to be able to effect some significant manpower savings.

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Acting Director of Logistics

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(15 July 1964)

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